

AMENDED IN ASSEMBLY JUNE 1, 2005

AMENDED IN ASSEMBLY MAY 26, 2005

AMENDED IN ASSEMBLY MAY 2, 2005

AMENDED IN ASSEMBLY APRIL 5, 2005

CALIFORNIA LEGISLATURE—2005—06 REGULAR SESSION

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**ASSEMBLY BILL**

**No. 593**

**Introduced by Assembly Member Frommer**

February 17, 2005

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An act to add and repeal Chapter 11.7 (commencing with Section 66970) of Part 40 of the Education Code, to amend Sections 11011 and 54221 of, and to add and repeal Part 11.5 (commencing with Section 15870) of Division 3 of Title 2 of, the Government Code, relating to state property, ~~and making an appropriation therefor.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 593, as amended, Frommer. State property: California Hope Endowment and California Hope Public Trust.

(1) Existing law requires a state agency to transfer to the Department of General Services jurisdiction of all land that is reported by the agency as excess and authorizes the department to sell or dispose of the property. Existing law requires the department to determine whether the land is needed by another state agency and authorizes the department to transfer the property to that agency on terms and conditions the department deems to be for the best interests of the state. The department is required to offer to local government agencies surplus land that is not needed by a state agency. Existing law requires the Department of General Services to maintain a

complete and accurate statewide inventory of all real property held by the state.

Existing law authorizes the Director of General Services to lease, lease-purchase, or lease with the option to purchase any real property for use of any state agency if the director deems the lease to be in the best interests of the state.

The State Building Construction Act of 1955 authorizes the State Public Works Board, among other things, to construct public buildings, contract with other state agencies for the use of real property owned by the state upon which to construct a public building, fix, alter, charge, and collect rents and other charges for the use of public buildings or for the services rendered by the board, and issue certificates or revenue bonds to obtain funds to pay the cost of public buildings. Existing law authorizes the State Public Works Board to select and acquire, in the name of and on behalf of the state, with consent of the state agency concerned, the fee or any lesser right or interest in any real property necessary for any state purpose or function.

This bill would establish the California Hope Public Trust in state government, to be governed and administered by a 9-member board consisting of appointees from the Governor, the Secretary of State and Consumer Services, the Treasurer, the Controller, the Speaker of the Assembly, and the Senate Committee on Rules. The bill would require the Department of General Services by March 31, 2006, to submit to the trust a complete and thorough inventory of all state-owned real estate and property and all lease agreements between any state agency, and private or nonpublic management groups. The bill would require the trust by January 1, 2007, and at least every 5 years thereafter, to review and recommend to the Legislature all real property owned by the State of California that should be transferred to the trust.

The bill would require the trust, among other things, to provide land and buildings it manages and controls for the accommodation of all state agencies, by lease or license or any other arrangement, for their use and occupation, and fulfill an obligation to the state to provide innovative stewardship of real property and infrastructure. The bill would authorize the trust to acquire and dispose of land and buildings, construct and maintain buildings, conduct studies or surveys with regard to future office space and building needs of the state, acquire or construct land and buildings that include premises suitable for commercial use and lease any portion of the property or premises to

any public or private entity, enter into joint ventures with other public or private entities for the construction or development of buildings and land for joint-use purposes, approve loans or other financing for projects undertaken by the trust, and contract with the Department of General Services for the management and maintenance of properties and buildings in the possession of the trust.

Commencing on or before July 1, 2008, and each year thereafter, the bill would require the trust to report to the Legislature on the activities undertaken by the trust and to include a financial statement showing the assets, liabilities, revenues, and expenditures of the trust. The bill would require all net proceeds received or generated as a result of activities of the trust to be paid to the California Hope Endowment Fund, which the bill would create ~~as a continuously appropriated fund~~ *subject to appropriation by the Legislature*, for allocation by the board of the endowment for specified public postsecondary purposes.

The bill would provide that these provisions would be repealed on January 1, 2009, unless legislation is enacted that becomes effective on or before ~~November 1, 2008~~ *that date*, to transfer to the trust management and control of any or all of the state-owned real estate recommended by the trust for transfer.

(2) Existing law, known as the Donahoe Higher Education Act, sets forth, among other things, the missions and functions of California's public and independent segments of higher education, and their respective institutions of higher education. Provisions of the act apply to the University of California only to the extent that the Regents of the University of California, by appropriate resolution, act to make a provision applicable.

This bill would add to the Donahoe Higher Education Act provisions establishing the California Hope Endowment, with a mission of increasing the number of Californians who attend colleges or universities and receive degrees. The bill would require that the endowment be governed by an 8-member board, consisting of 4 gubernatorial appointees, and one member each appointed by the Regents of the University of California, the Trustees of the California State University, the Board of Governors of the California Community Colleges, and the Superintendent of Public Instruction.

The bill would require the endowment board to develop guidelines and criteria for the awarding of grants for promising and innovative approaches for the improvement of access to California's public colleges and universities. The bill would require funding from the

endowment to supplement, and not replace, General Fund investment in public higher education. The bill would authorize the endowment to accept donations from corporations, individuals, or foundations, or to receive grants from private sources and public agencies, for any of the endowment's purposes.

The bill would require the California Postsecondary Education Commission to evaluate the effectiveness and success of the endowment, and to present its recommendations for any appropriate changes in the operations of the endowment, on or before January 1, 2011, and every 5 years thereafter.

The bill would provide that these provisions would only become operative upon the operative date of legislation transferring state-owned property to the California Hope Public Trust pursuant to specified provisions of the bill. It would provide that these provisions would be repealed as of January 1, 2009, if the provisions governing the trust are repealed as of that date.

Vote:  $\frac{2}{3}$ -majority. Appropriation: ~~yes~~-no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. This act shall be known and may be cited as the
- 2 California Hope Endowment and Higher Education Land Grant
- 3 for the 21st Century.
- 4 SEC. 2. The Legislature finds and declares all of the
- 5 following:
- 6 (a) Historically, California's institutions of higher education
- 7 have prepared significant numbers of educated, responsible
- 8 people who contribute to California's schools, economy, culture,
- 9 and future. These institutions of education are often conduits for
- 10 innovation in the fields of technology, science, engineering, and
- 11 the arts.
- 12 (b) The prosperity of California's future economy and the
- 13 well-being of its families depend not just on our natural resources
- 14 and the quality of our environment, but on the skills and
- 15 knowledge of California's people. Economists widely agree that
- 16 the 21st century—even more than the 20th—will be the “human
- 17 capital” century, and that expanding the number of Californians
- 18 with higher education degrees is critical to continued economic
- 19 growth and expanded opportunity.

1 (c) The future of California depends on an educated populace  
2 to form a solid and dependable economy. In fact, a person with a  
3 bachelor's degree can earn nearly one million dollars  
4 (\$1,000,000) more than a high school graduate over the course of  
5 his or her working life. State per capita income is systematically  
6 higher in states where a high percentage of the population has an  
7 undergraduate university degree.

8 (d) For every one dollar (\$1) the state invests in the California  
9 State University, the California State University returns four  
10 dollars and forty-one cents (\$4.41). Furthermore, technology  
11 licensing agreements with the University of California have  
12 resulted in the creation of more than 160 companies and spurred  
13 job growth in the biotech industry.

14 (e) The authors of the 1960 Master Plan for Higher Education  
15 believed that the traditional policy of tuition-free higher  
16 education is in the best interest of the state and should be  
17 continued. Students have seen commitment to this ideal erode  
18 significantly. Since December 2002, fees for the California State  
19 University system have risen by 75 percent. The final budget for  
20 the 2004–05 fiscal year raised student fees by 14 percent—seven  
21 hundred dollars (\$700) a year—for undergraduates attending the  
22 University of California, and community college fees rose by 44  
23 percent—to seven hundred eighty dollars (\$780) for each  
24 full-time student. These fee increases came at a time when an  
25 estimated 100,000 students have dropped out of the system  
26 because of higher fees and unavailable classes. The final budget  
27 for the 2004–05 fiscal year also reduced enrollment at the  
28 California State University by 11,000 students.

29 (f) Today, for too many students, the dream of attending  
30 college seems out of reach. One in five California children live in  
31 poverty. One in four is an English language learner. Two out of  
32 every five children have parents who did not attend college. A  
33 declining percentage of high school graduates are enrolling in  
34 college by age 19 years, and California now ranks 25th among  
35 the states in the percentage of ninth graders who achieve college  
36 degrees by age 24 years.

37 (g) The Legislative Analyst's Office estimates that the annual  
38 deficit will grow to nearly ten billion dollars (\$10,000,000,000)  
39 in the 2006–07 fiscal year. Higher education remains particularly  
40 vulnerable to further reductions because it is one of the few

1 major areas of the budget not protected by constitutional  
2 guarantees or federal law.

3 (h) To respond to the challenges of protecting California's  
4 investment in our young people, this act will establish the  
5 California Hope Endowment and the California Hope Public  
6 Trust. The endowment will be funded by a transfer of  
7 state-owned property, including offices, industrial property,  
8 warehouses, and nonenvironmentally sensitive urban land clearly  
9 suitable for development, to the California Hope Public Trust,  
10 which will manage the state's real estate like a business on behalf  
11 of the taxpayers and the endowment.

12 (i) The Department of General Services, in its admittedly  
13 incomplete inventory, estimates that the state owns about 6.6  
14 million acres of land, and about 23,000 structures totaling around  
15 204 million square feet. It owns 46 million square feet of offices,  
16 industrial spaces, warehouses, residences, and parking structures,  
17 not including facilities such as hospitals, laboratories,  
18 classrooms, prisons, and dormitories. It leases another 2,000  
19 sites, including about 15.5 million square feet of offices. These  
20 holdings offer California opportunities to produce revenue, build  
21 higher quality, environmentally sustainable, smart growth  
22 projects, create jobs, and reduce government costs.

23 (j) This act will address the future security of California's  
24 economy, quality of life, and commitment to higher education.  
25 The California Hope Endowment will be charged with renewing  
26 the promise of the 1960 Master Plan for Higher Education by  
27 expanding the number of young Californians who can attend  
28 college and receive degrees.

29 SEC. 3. Chapter 11.7 (commencing with Section 66970) is  
30 added to Part 40 of the Education Code, to read:

31

32 CHAPTER 11.7. CALIFORNIA HOPE ENDOWMENT

33

34 66970. (a) The California Hope Endowment is hereby  
35 created in state government. The endowment shall be governed  
36 by a eight-member board. The members of the endowment board  
37 shall be appointed as follows:

38 (1) The Governor shall appoint four members.

39 (2) The Regents of the University of California shall appoint  
40 one member.

1 (3) The Trustees of the California State University shall  
2 appoint one member.

3 (4) The Board of Governors of the California Community  
4 Colleges shall appoint one member.

5 (5) The Superintendent of Public Instruction shall appoint one  
6 member.

7 (b) The appointment of each person nominated to the  
8 endowment board by the Governor under paragraph (1) of  
9 subdivision (a) is subject to confirmation by a majority vote of  
10 the membership of the Senate.

11 (c) The term of office of each member of the endowment  
12 board appointed under this section shall be four years, except that  
13 upon establishment of the board, the initial term of the  
14 Governor's appointees shall be two years and thereafter shall be  
15 four years. The endowment board shall elect a president from its  
16 membership. Four members constitute a quorum of the  
17 endowment board.

18 (d) Each member of the endowment board shall serve without  
19 compensation, but shall be reimbursed for traveling and other  
20 expenses actually and necessarily incurred in the performance of  
21 his or her duties.

22 (e) All meetings of the endowment board shall be subject to  
23 the requirements of the Bagley-Keene Open Meeting Act (Article  
24 9 (commencing with Section 11120) of Chapter 1 of Part 1 of  
25 Division 3 of Title 2 of the Government Code).

26 66971. (a) The purpose of the endowment is to renew the  
27 promise of the 1960 California Higher Education Master Plan, by  
28 increasing the number of Californians who attend colleges or  
29 universities and receive degrees. The endowment shall assess and  
30 promote the most promising and innovative approaches for the  
31 improvement of access to California's public colleges and  
32 universities.

33 (b) The endowment board shall develop guidelines and criteria  
34 for awarding grants that further the purposes of subdivision (a). It  
35 is the intent of the Legislature that the endowment board  
36 consider, but not necessarily be limited to, the following areas of  
37 investment in higher education:

38 (1) Strengthening academic enrichment and college  
39 preparation and outreach programs to ensure that secondary

1 school pupils take the right courses and receive academic support  
2 services to prepare them for higher education.

3 (2) Increasing the availability of advanced placement classes  
4 and classes that meet the A-G requirements for university  
5 admission, and encouraging dual enrollment in community  
6 college, so that motivated students are not held back by limited  
7 course offerings at their high schools.

8 (3) Bolstering financial aid at public colleges and universities  
9 so that rising fees and the high cost of textbooks do not close the  
10 door on students due to financial need, whether they are recent  
11 high school graduates or adults returning to college in midcareer  
12 to improve their knowledge and skills.

13 (4) Improving counseling and coordination between  
14 community colleges and universities, so that more community  
15 college students take the right courses and are able to transfer to  
16 universities to receive undergraduate degrees.

17 (5) Offering improved counseling and academic support to  
18 make sure that more students who begin college obtain a degree.

19 66972. (a) Funds received by the endowment shall be  
20 deposited into the California Hope Endowment Fund, which is  
21 hereby established in the State Treasury—~~and continuously~~  
22 ~~appropriated~~ *subject to appropriation by the Legislature* for  
23 allocation by the endowment board for purposes of Section  
24 66971.

25 (b) Funding from the endowment shall supplement, and not  
26 replace, General Fund investment in public higher education. The  
27 endowment may accept donations from corporations, individuals,  
28 or foundations, or receive grants from private sources and public  
29 agencies, for any of the purposes identified in this chapter.

30 (c) On or before January 1, 2011, and every five years  
31 thereafter, the California Postsecondary Education Commission,  
32 or its successor agency, shall evaluate the effectiveness and  
33 success of the California Hope Endowment in achieving its  
34 objectives, and present its recommendations for any appropriate  
35 changes in the operations of the endowment to promote greater  
36 success in expanding opportunities for student access and success  
37 in California higher education.

38 66973. (a) This chapter shall only become operative upon the  
39 operative date of legislation transferring state-owned property to



1 the California Hope Public Trust pursuant to Section 15878 of  
2 the Government Code.

3 (b) If Part 11.5 (commencing with Section 15870) of Division  
4 3 of Title 2 of the Government Code is repealed on January 1,  
5 2009 pursuant to Section 15878 of the Government Code, then  
6 this chapter is repealed as of that date.

7 SEC. 4. Section 11011 of the Government Code is amended  
8 to read:

9 11011. (a) On or before December 31 of each year, each  
10 state agency shall make a review of all proprietary state lands,  
11 other than tax-deeded land, land held for highway purposes,  
12 lands under the jurisdiction of the State Lands Commission, land  
13 that has escheated to the state or that has been distributed to the  
14 state by court decree in estates of deceased persons, and lands  
15 under the jurisdiction of the State Coastal Conservancy, over  
16 which it has jurisdiction to determine what, if any, land is in  
17 excess of its foreseeable needs and report thereon in writing to  
18 the Department of General Services. These lands shall include,  
19 but not be limited to, the following:

20 (1) Land not currently being utilized, or currently being  
21 underutilized, by the state agency for any existing or ongoing  
22 state program.

23 (2) Land for which the state agency has not identified any  
24 specific utilization relative to future programmatic needs.

25 (3) Land not identified by the state agency within its master  
26 plans for facility development.

27 (b) Jurisdiction of all land reported as excess shall be  
28 transferred to the Department of General Services, when  
29 requested by the director thereof, for sale or disposition under  
30 this section or as may be otherwise authorized by law.

31 (c) The Department of General Services shall report to the  
32 Legislature annually, the land declared excess and request  
33 authorization to dispose of the land by sale or otherwise.

34 (d) The Department of General Services shall review and  
35 consider reports submitted to the Director of General Services  
36 pursuant to Sections 15879 and 66907.12 of this code and  
37 Section 31104.3 of the Public Resources Code prior to  
38 recommending or taking any action on surplus land, and shall  
39 also circulate the reports to all agencies that are required to report  
40 excess land pursuant to this section. In recommending or

1 determining the disposition of surplus lands, the Director of  
2 General Services may give priority to proposals by the state that  
3 involve the exchange of surplus lands for lands listed in those  
4 reports.

5 (e) Except as otherwise provided by any other provision of  
6 law, whenever any land is reported as excess pursuant to this  
7 section, the Department of General Services shall determine  
8 whether or not the use of the land is needed by any other state  
9 agency. If the Department of General Services determines that  
10 any land is needed by any other state agency it may transfer the  
11 jurisdiction of this land to the other state agency upon the terms  
12 and conditions as it may deem to be for the best interests of the  
13 state.

14 (f) When authority is granted for the sale or other disposition  
15 of lands declared excess, and the Department of General Services  
16 has determined that the use of the land is not needed by any other  
17 state agency, the Department of General Services shall sell the  
18 land or otherwise dispose of the same pursuant to the  
19 authorization, upon any terms and conditions and subject to any  
20 reservations and exceptions as the Department of General  
21 Services may deem to be for the best interests of the state. The  
22 Department of General Services shall report to the Legislature  
23 annually, with respect to each parcel of land authorized to be sold  
24 under this section, giving the following information:

25 (1) A description or other identification of the property.

26 (2) The date of authorization.

27 (3) With regard to each parcel sold after the next preceding  
28 report, the date of sale and price received, or the value of the land  
29 received in exchange.

30 (4) The present status of the property, if not sold or otherwise  
31 disposed of at the time of the report.

32 (g) Except as otherwise specified by law, moneys received  
33 from any property disposition, including the sale, lease,  
34 exchange, or other means, that is received pursuant to this section  
35 shall be paid into the General Fund.

36 For purposes of this section, net proceeds shall be defined as  
37 gross proceeds less all costs directly related to the completion of  
38 the transaction including, but not limited to, selling costs, transfer  
39 fees, commissions, and costs incurred by the Department of  
40 General Services.

(h) Any rentals or other revenues received by the department from real properties, the jurisdiction of which has been transferred to the Department of General Services under this section, shall be deposited in the General Fund in the account established by Section 15863. Any expenditures required to maintain, repair, care for, and sell this real property shall be paid from the appropriation made by Section 15863.

(i) Nothing contained in this section shall be construed to prohibit the sale, letting, or other disposition of any state lands pursuant to any law now or hereafter enacted authorizing the sale, letting, or disposition.

SEC. 5. Part 11.5 (commencing with Section 15870) is added to Division 3 of Title 2 of the Government Code, to read:

PART 11.5. CALIFORNIA HOPE PUBLIC TRUST

15870. The California Hope Public Trust is hereby established in state government. The California Hope Trust shall manage properties transferred to it for the purposes of delivering government services to the people of California in an effective and customer service-oriented manner, and for increasing the value of its holdings and earning revenue for the California Hope Endowment in ways consistent with its duty to provide cost-effective real estate services to state agencies and to develop high-quality, environmentally responsible projects.

15871. (a) The trust shall be governed and administered by a nine-member board. The Governor shall appoint, subject to confirmation by a majority vote of the membership of the Senate, four members to the board who shall have expertise in real estate, finance, and urban planning. The Speaker of the Assembly and the Senate Committee on Rules shall each appoint one member. The Secretary for State and Consumer Services, the Treasurer, and the Controller shall serve as ex officio members of the board.

(b) Upon establishment of the board, the first term of office for two of the Governor's appointees shall be two years, and for the other two of the Governor's appointees, the first term of office shall be four years. After these initial terms, the term of office for members of the board appointed by the Governor shall be four years.

1 (c) The board shall elect a president from its membership.  
2 Four members shall constitute a quorum of the board.

3 (d) Each ex officio member of the board may designate a  
4 deputy, who is employed under the member's authority, to act in  
5 his or her place and stead on the board. While serving on the  
6 board, the deputy may exercise the same powers that the ex  
7 officio member could exercise if he or she were personally  
8 present.

9 (e) Each member of the board shall serve without  
10 compensation but shall be reimbursed for traveling and other  
11 expenses actually and necessarily incurred in the performance of  
12 his or her duties.

13 (f) While serving on the board, a member shall be subject to  
14 Title 9 (commencing with Section 81000).

15 15872. (a) The board shall appoint and, notwithstanding  
16 Sections 19816, 19825, and 19826, shall fix the compensation of  
17 an executive director, a chief investment officer, and other  
18 investment officers and portfolio managers whose positions are  
19 designated managerial pursuant to Section 18801.1.

20 (b) When fixing the compensation for the positions specified  
21 in subdivision (a), the board shall be guided by the principles  
22 contained in Sections 19826 and 19829, consistent with the  
23 board's responsibilities to the state to recruit and retain highly  
24 qualified and effective employees for these positions.

25 (c) When a position specified in subdivision (a) is filled  
26 through a general civil service appointment, it shall be filled from  
27 an eligible list based on an examination held on an open basis,  
28 and tenure in the position shall be subject to Article 2  
29 (commencing with Section 19590) of Chapter 7 of Part 2 of  
30 Division 5 of Title 2. In addition to the causes for action  
31 specified in that article, the board may take action under the  
32 article for causes related to its fiduciary responsibility to the  
33 state, including the employee's failure to meet specified  
34 performance objectives.

35 (d) The trust shall be subject to Section 19050.9 and any other  
36 requirements generally applicable to state agencies concerning  
37 officers and employees.

38 15873. (a) The executive director of the trust shall be exempt  
39 from civil service and shall be appointed by, and serve at the  
40 pleasure of, the board.

1 (b) The executive director shall administer the affairs of the  
2 trust, employ staff, be responsible to the trust for program  
3 performance, and shall be considered the head of the department  
4 within the meaning of Chapter 2 (commencing with Section  
5 11150) of Part 1.

6 15874. The board shall determine, by majority vote, where to  
7 maintain its office and shall hold meetings at that office or  
8 elsewhere upon call of the president or four members of the  
9 board. The board shall not relocate its office more than once  
10 upon establishment of the board's first location.

11 15875. All meetings of the board shall be subject to the  
12 requirements of the Bagley-Keene Open Meeting Act, Article 9  
13 (commencing with Section 11120) of Chapter 1 of Part 1 of  
14 Division 3 of Title 2.

15 15876. On or before March 31, 2006, the Department of  
16 General Services shall submit to the trust a complete and  
17 thorough inventory of all state-owned real estate and property.  
18 The Department of General Services shall also submit to the trust  
19 on or before March 31, 2006, an inventory of all lease  
20 agreements between any state agency and private or nonpublic  
21 management groups.

22 15877. (a) On or before January 1, 2007, the trust shall  
23 review and recommend to the Legislature all real property owned  
24 by the state whose management and control should be transferred  
25 to the trust.

26 (b) Notwithstanding subdivision (a), the trust shall not  
27 consider for transfer any of the following real property owned by  
28 the state:

29 (1) Lands in the possession of the Department of  
30 Transportation that are used for existing highways or airspace,  
31 and properties acquired for highway projects.

32 (2) Lands that are part of the State Park System.

33 (3) Lands under the jurisdiction of the State Lands  
34 Commission.

35 (4) Lands in the possession of the Department of Corrections  
36 and the California Youth Authority that are used explicitly for  
37 the incarceration of inmates.

38 (5) The State Capitol.

39 (6) Any land, building, or property determined to be of  
40 historical or cultural significance.

1 (7) Any property subject to Section 1 of Article XIX of the  
2 California Constitution.

3 (8) Lands under the jurisdiction of the University of  
4 California.

5 (9) Lands under the jurisdiction of the California State  
6 University.

7 15877.5. On or before January 1, 2007, and no less than every  
8 five years thereafter, the trust shall review and recommend to the  
9 Legislature all real property owned or leased by the state whose  
10 management and control should be transferred to the trust. The  
11 trust shall consider, at a minimum, all offices, industrial property,  
12 warehouses, and nonenvironmentally sensitive urban land clearly  
13 suitable for development, including the properties controlled,  
14 managed, or leased by the Department of General Services. The  
15 trust shall prepare a plan for assuming responsibility for  
16 providing real estate services to the state agencies and  
17 departments located in those properties and enter into customer  
18 service agreements to provide for their space needs.

19 15878. This part is repealed on January 1, 2009, unless  
20 legislation is enacted that becomes effective on or before  
21 ~~November 1, 2008~~ *January 1, 2009*, to transfer to the trust  
22 pursuant to Section 15877, management and control of any or all  
23 of the state-owned real estate that the trust recommends for  
24 transfer. At the time of the transfer, the trust shall assume from  
25 the Department of General Services responsibility for providing  
26 real estate services to the state agencies and departments located  
27 in those properties, including planning of future projects.

28 15879. Notwithstanding Section 7550.5, on an annual basis,  
29 the executive director of the trust shall report to the Director of  
30 General Services regarding privately owned properties that might  
31 appropriately be the subject of a trade for lands owned by the  
32 state for the purposes of increasing the portfolio of the trust and  
33 maximizing returns to the trust. A particular property shall be  
34 included in any report only upon agreement of the owner.

35 15880. (a) The trust shall do all of the following:

36 (1) Generate a return on real estate holdings in the possession  
37 of the trust.

38 (2) Provide land and buildings it manages and controls for the  
39 accommodation of all state agencies, by lease or license or any  
40 other arrangement, for their use and occupation.

1 (3) Fulfill an obligation to the state to provide innovative  
2 stewardship of real property and infrastructure.

3 (4) Use private sector management and accounting methods to  
4 provide for the efficient and effective utilization of state assets.

5 (5) Ensure that all projects undertaken by the trust satisfy  
6 state, regional, and local land-use and environmental  
7 requirements that apply to private sector projects.

8 (6) Ensure that projects undertaken by the trust meet the smart  
9 growth principles of Executive Order D-46-01 of 2001.

10 (b) In addition to the objectives outlined in subdivision (a), the  
11 trust may do all of the following:

12 (1) Acquire and dispose of land and buildings.

13 (2) Construct and maintain buildings.

14 (3) Conduct studies or surveys with regard to future office  
15 space and building needs of the state.

16 (4) Acquire or construct land and buildings that include  
17 premises suitable for commercial use and lease any portion of the  
18 property or premises to any public or private entity.

19 (5) Enter into joint ventures with other public or private  
20 entities for the construction or development of buildings and land  
21 for joint-use purposes.

22 (6) Acquire by purchase, rental or otherwise, equipment,  
23 fixtures, and other property, real or personal, required for the  
24 land and buildings.

25 (7) Accept land donations from private and nonpublic sources.

26 (8) Approve loans or other financing for projects undertaken  
27 by the trust.

28 (9) Contract with the Department of General Services for the  
29 management and maintenance of properties and buildings in the  
30 possession of the trust.

31 15881. Notwithstanding Section 7550.5, on or before July 1,  
32 2008, and each year thereafter, the trust shall report to the  
33 Legislature on the activities undertaken by the trust. The report  
34 shall include, but not be limited to all of the following:

35 (a) A financial statement showing the assets and liabilities of  
36 the trust at the end of the previous fiscal year.

37 (b) A summary of the operations of the trust for the previous  
38 fiscal year.

39 (c) A summary of the revenues and expenditures of the trust  
40 for the previous fiscal year.

1 15882. (a) Except as otherwise specified by law, all net  
2 proceeds received or generated as a result of actions taken  
3 pursuant to this part shall be paid to the California Hope  
4 Endowment Fund established pursuant to Section 66972 of the  
5 Education Code.

6 (b) For purposes of this section, “net proceeds” means gross  
7 proceeds less all costs directly related to the administration of the  
8 trust and management of state property.

9 SEC. 6. Section 54221 of the Government Code is amended  
10 to read:

11 54221. (a) As used in this article, the term “local agency”  
12 means every city, whether organized under general law or by  
13 charter, county, city and county, and district, including school  
14 districts of any kind or class, empowered to acquire and hold real  
15 property.

16 (b) As used in this article, the term “surplus land” means land  
17 owned by any agency of the state, or any local agency, that is  
18 determined to be no longer necessary for the agency’s use, except  
19 property being held by the agency for the purpose of exchange.

20 (c) As used in this article, the term “open-space purposes”  
21 means the use of land for public recreation, enjoyment of scenic  
22 beauty, or conservation or use of natural resources.

23 (d) As used in this article, the term “persons and families of  
24 low or moderate income” means the same as provided under  
25 Section 50093 of the Health and Safety Code.

26 (e) As used in this article, the term “exempt surplus land”  
27 means either of the following:

28 (1) Surplus land which is transferred pursuant to Section  
29 25539.4.

30 (2) Surplus land which is (A) less than 5,000 square feet in  
31 area, (B) less than the minimum legal residential building lot size  
32 for the jurisdiction in which the parcel is located, or 5,000 square  
33 feet in area, whichever is less, or (C) has no record access and is  
34 less than 10,000 square feet in area; and is not contiguous to land  
35 owned by a state or local agency which is used for park,  
36 recreational, open-space, or low- and moderate-income housing  
37 purposes and is not located within an enterprise zone pursuant to  
38 Section 7073 nor a designated program area as defined in Section  
39 7082. If the surplus land is not sold to an owner of contiguous



1 land, it is not considered exempt surplus land and is subject to the  
2 provisions of this article.

3 (f) Notwithstanding subdivision (e), the following properties  
4 are not considered exempt surplus land and are subject to the  
5 provisions of this article:

6 (1) Lands within the coastal zone.

7 (2) Lands within 1,000 yards of a historical unit of the State  
8 Parks System.

9 (3) Lands within 1,000 yards of any property that has been  
10 listed on, or determined by the State Office of Historic  
11 Preservation to be eligible for, the National Register of Historic  
12 Places.

13 (4) Lands within the Lake Tahoe region as defined in Section  
14 66905.5.

15 (5) Lands transferred to the California Hope Public Trust  
16 pursuant to Section 15878.